

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 7
(MC2016-55)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-70

**NOTICE OF UNITED STATES POSTAL SERVICE OF
CHANGE IN PRICES PURSUANT TO
AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 7,
WITH PORTIONS FILED UNDER SEAL
(January 27, 2017)**

The Postal Service hereby provides notice that prices under Priority Mail Express, Priority Mail, and First-Class Package Service Contract 7, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express, Priority Mail, and First-Class Package Service Contract 7 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Pricing and Product Support

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January 27, 2017

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 7**

AMENDMENT 2
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
REGARDING
PRIORITY MAIL EXPRESS AND
PRIORITY MAIL SERVICE AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service ("the Postal Service") and [REDACTED] ("Customer") entered into a shipping services contract regarding Priority Mail Express, Priority Mail Service and First-Class Package Service on December 21, 2015.

WHEREAS, the Parties desire to amend Sections I.B, I.F, I.G, II. and the Appendix under this contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective on the latter of January 22, 2017 or two days after the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.F, I.G and II, in their entirety, as follows:]

I. Terms

- B. This Contract applies to Customer's packages that meet the characteristics of Priority Mail Express, Priority Mail packages and First-Class Package Service packages (collectively, "Contract Packages"). As new price categories and package types are developed by the Postal Service within Priority Mail, Priority Mail Express, and First-Class Package Service, the parties will work together in good faith to determine if such price categories and package types should be included as Contract Packages.
- F. Contract Prices. From the effective date of this Contract as defined in Section III, Customer will receive the Tier 3 percentage discounts in Table 1 for Priority Mail Express and Priority Mail Contract Packages until or about the first anniversary of the Contract's effective date. First-Class Package Service packages will receive the

[REDACTED]

prevailing published First-Class Package Service prices. Second year Contract prices for Priority Mail Express and Priority Mail are reflected in the Appendix.

[REDACTED]

- I. For annual growth equal to or above [REDACTED] packages, the Parties will meet and negotiate in good faith revised discount percentages greater than those contained herein.

G. Subsequent Year Contract Prices.

- a. For subsequent years of the Contract, beginning on or about the anniversary of the effective date, and for each successive contract year thereafter, Customer shall receive the percentage discounts in Table 1 on Priority Mail Express and Priority Mail packages, based on the annual Contract Package volume shipped to the Postal Service in the previous contract year. Any changes to the discounted tier level will be effective within fifteen (15) days after the anniversary of the effective date.
- b. First-Class Package Service packages will receive the prevailing published First-Class Package Service prices throughout the term of the Contract.

Section II Marketplace Guidelines

- A. Marketplace Maximum Prices. The maximum prices offered by Customer to one of its users in the marketplace shall be the prevailing Commercial Base pricing for all products except for Priority Mail Cubic. The maximum prices offered by Customer to one of its users in the marketplace for Priority Mail Cubic packages shall be the prevailing Commercial Plus pricing for Priority Mail Cubic.
- B. Marketplace Minimum Prices. The minimum prices offered by Customer in the marketplace shall be the prevailing Commercial Plus prices, and any rate offered by Customer must be at prevailing published prices for the appropriate product or service.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by:  24459E0DA0B24B6

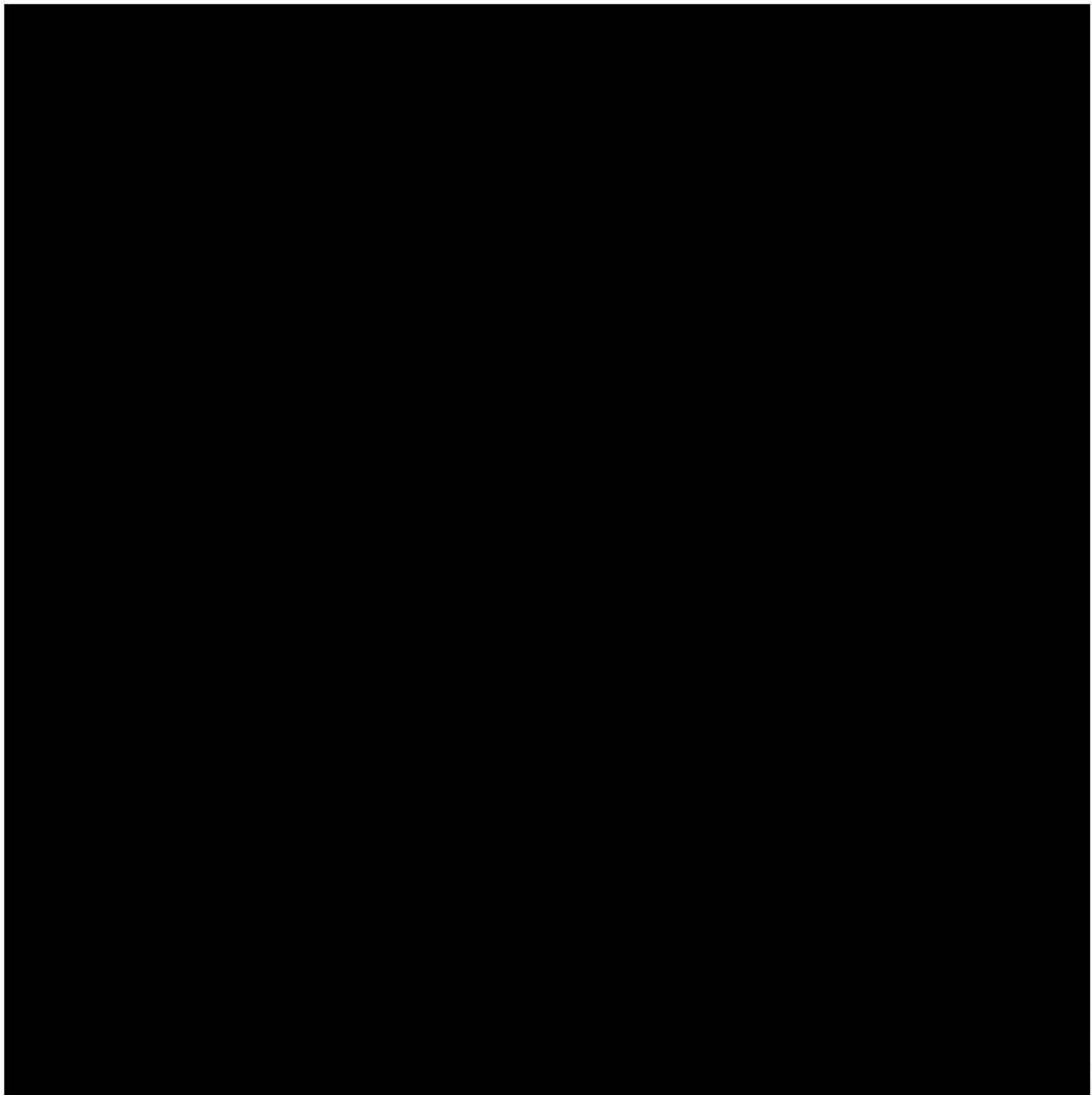
Printed Name: Cliff Rucker

Title: Senior Vice President, Sales and customer Relations

Date: December 13, 2016

Appendix A

PRIORITY MAIL EXPRESS



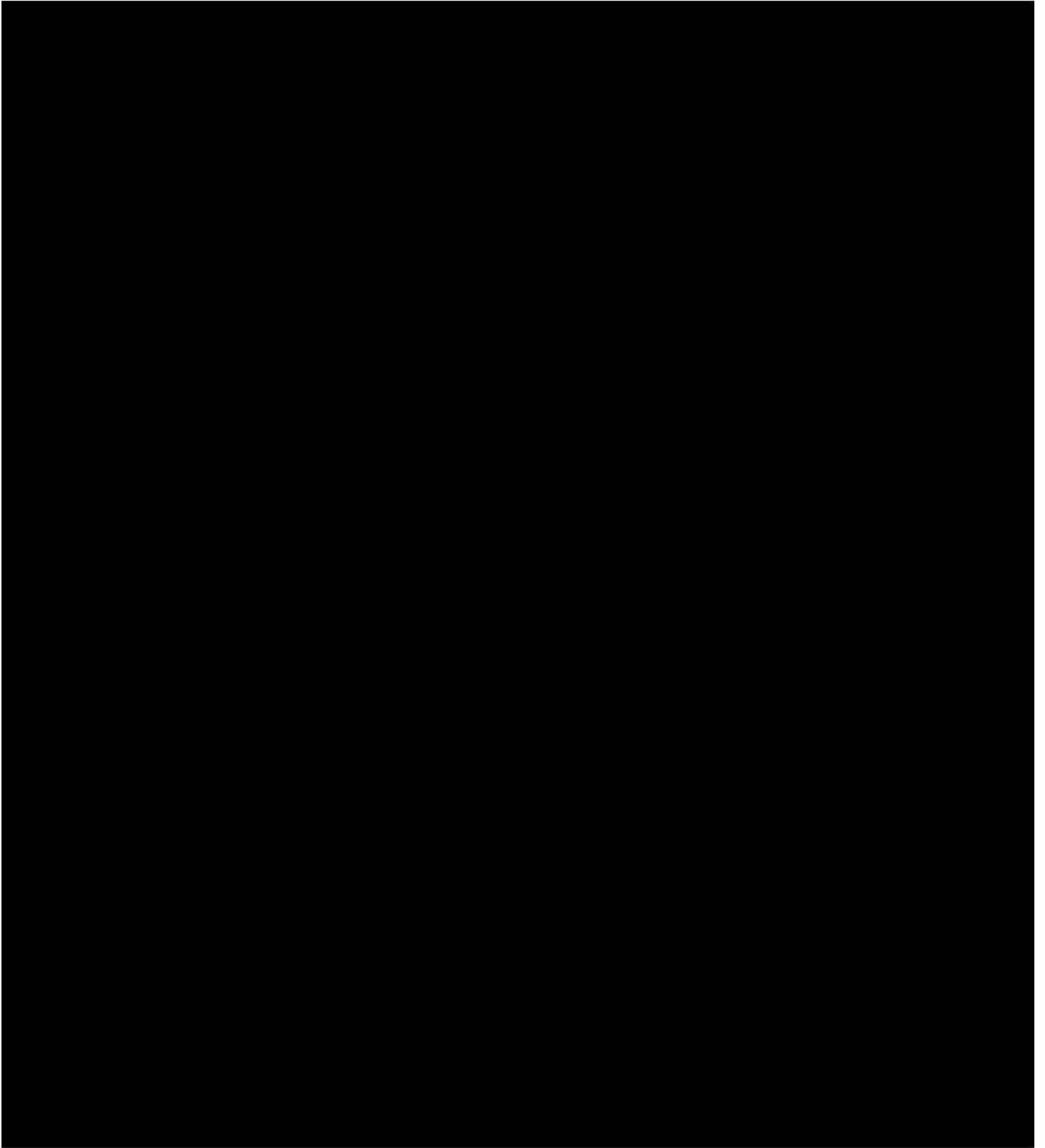
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PRIORITY MAIL



[Redacted]

[Redacted]

Priority Mail – Commercial Plus Cubic

[Redacted]

ATTACHMENT B
FINANCIAL CERTIFICATION

**Certification of Prices for Amendment to
Priority Mail Express, Priority Mail, and First-Class Package Service
Contract 7**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Express, Priority Mail, and First-Class Package Service Contract 7. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps